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ABSTRACT

Since the Workforce Investment Act (WIA) was enacted in 1998, considerable efforts have been expended at the federal, state, and local levels to effect the transition to the new system mandated by WIA. Several states phased into the new system in July 1999, and all other states followed in mid-2000. Active participation by partner agencies has proved key to WIA's implementation. The regional offices of the Employment and Training Administration (ETA) have provided considerable staff training and technical assistance to state and local workforce boards and staff. Recent onsite visits and reports tracking WIA's implementation have confirmed that states and localities have generally made great strides in implementing WIA. Although some areas have thus far only met WIA's basic requirements, others have gone beyond the basic requirements and are striving for full implementation of WIA's written words and intent. The onsite visits also identified additional challenges and next steps in the following areas of implementing WIA's provisions: governance; one-stop operations; memoranda of understanding; services for adult and dislocated workers; development of a comprehensive system of youth services; WIA expenditures; and accountability. According to the recent assessment of progress in implementing WIA, there is every reason to expect that the law's implementation will eventually be completely successful. (MN)

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Summary Report on WIA [Workforce Investment Act] Implementation

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SUMMARY REPORT ON WIA IMPLEMENTATION

I. INTRODUCTION

The enactment of the Workforce Investment Act of 1998 (WIA) is the culmination of a successful bipartisan effort on the part of the Administration and Congress to design a revitalized, customer-focused system - - America's Workforce Network (AWN). The AWN provides Americans with the information, advice, job search assistance, education, training, and support they need to get and keep good jobs; and helps employers find skilled workers. The Employment and Training Administration (ETA) has worked to accomplish this reform in partnership with States, local communities, service providers and Federal agencies. We continue to work with our State and local partners to build workforce investment systems within AWN, with a particular focus on how we can make access to quality and relevant services easiest for our customers -- workers, job seekers, and employers.

The many transition activities necessary to implement the new requirements of the WIA continue to be a major challenge for all partners. A system change of this magnitude raises the standard for cooperation and collaboration required of all stakeholders to work in partnership. To help ETA meet this challenge, we have sought to use inclusive processes to help bring about the many reforms envisioned in the Act. These include town hall meetings, training sessions, and a public comment period for published Department of Labor (DOL) positions and/or policy proposals. Our partners have responded, giving ETA valuable insights and ideas to consider in formulating policies, establishing performance criteria, and in developing regulations. To complete a successful transition that results in meaningful reform of the workforce system, partners and stakeholders need to continue to work collaboratively and commit to mutual accountability for WIA success. Central to WIA's success is our mutual ability to expand and enhance the existing One-Stop delivery system to broaden the customer base, improve performance; and enhance customer satisfaction.

ETA has taken advantage of its regional offices' "frontline" capacity to implement WIA. Working through its regional offices, ETA has provided extensive training to State and Local Boards and councils, and to local workforce agency staff. ETA also has trained State and local staff in areas such as serving business as a primary customer, grant management, community audits, and cost allocation. Regional offices also played a key role in helping many State and local jurisdictions to resolve differences on the designation of local workforce investment areas and to develop Memoranda of Understanding (MOUs) for One-Stop system operation.

In June, 2000, ETA issued Training and Guidance Letter (TEGL) 15-99 which addressed options for implementing WIA and included a list of "Elements of a Substantially Implemented WIA System". Based on these elements, ETA developed a review guide to enable regional offices to undertake a uniform assessment of State and local areas. The assessment, termed a "WIA Readiness Review", was designed to allow ETA to gauge the progress that States and local communities were making in implementing key aspects of WIA. Another purpose was to identify the concerns and issues that have emerged, promising practices and technical assistance needs. Focused on the early stages of implementation, the review was intended to examine the fundamental elements of a WIA system, rather than be an assessment of quality or the degree to which WIA reforms had been achieved.

The information and baseline data for this report were obtained through ETA's readiness reviews of the WIA implementation efforts at both the State and local levels. Regional staff reported their assessments after completing on-site reviews in all States and 126 local Workforce Investment areas. These progress reviews were conducted using a standard guide developed by regional staff that primarily focused on

key requirements of the WIA legislation -- enhanced youth services, business leadership at State and local levels, performance accountability, and use of One-Stop career centers. Additional information was obtained through "road shows" dealing with the use of Individual Training Accounts (ITA), Eligible Training Providers (ETP) and a Consumer Report System (CRS).

This summary identifies the initial successes and challenges that State and local partnerships have experienced in building a new workforce investment system. The partners generally acknowledge that States and local areas have made strides toward implementing the WIA performance elements. While some have only met the basic requirements of the Act, it is important to recognize the efforts of those that have gone beyond the basic WIA elements to strive for full implementation of both the written word and intent of WIA.

All States and areas have made progress, and all have approved plans. Six States that were ready to develop plans upon passage of the Act were authorized to begin to provide service under WIA as Early Implementers beginning July 1, 1999. By July 1, 2000, all 54 States and territories, including the District of Columbia, had approved plans, and consequently received WIA funds.

We anticipated that many States would use the July 2000 - June 2001 Program Year to complete building workforce investment systems and services. Accomplishing the dramatic reforms called for under WIA is not simply business as usual. Our WIA vision made it clear that to fully realize the potential of these reforms may take many years. The Department of Labor's approach has been to help its partners accomplish the task of successful implementation in the context of the seven reform principles: *Streamlined Services; Empowered Individuals; Universal Access; Increased Accountability; Stronger Role for Local Boards; State and Local Flexibility; and Improved Youth Programs.*

As of this report, 43 States were well on their way to implementing the required elements of the new legislation by December 31, 2000. We expect that our remaining States will be fully operational by June 30, 2001. ETA staff continue to provide technical assistance and training to these States to ensure that this is accomplished.

States and regional offices also are providing considerable technical assistance to new Local Workforce Investment Boards and administrative entities to help them meet WIA requirements. Many States have reorganized State administrative agencies to better position organizational structures, achieve the goals of One-Stop service delivery systems, and build partnerships. Some States and local areas have taken the opportunity during the transition to WIA to focus on the needs of the business community. For example, a National Hire Partnership involving Citigroup, Verizon, and America Online (AOL) is operational in 19 States. This initiative brings together various workforce systems to assist major high tech businesses with substantial multi-state hiring needs involving numerous employment opportunities. State and local workforce systems provide appropriate skill assessments of interested job seekers, and refer qualified workers who can help meet business demand. These types of activities will help to ensure a more equitable consideration of both the demand and supply sides of the labor market, and reflect the reforms intended by WIA.

The challenge for the Department of Labor and for our State and local partners is to continue to work together to insure that WIA meets its objectives, and that it establishes a system designed to better respond to American workers, job seekers and employers.

II. GOVERNANCE

The hallmark of WIA is State and local flexibility. Significant authority is reserved for the Governor and chief elected officials to build on existing reforms and implement innovative and comprehensive

workforce investment systems tailored to meet the particular needs of local and regional labor markets. A strong role for Local Workforce Investment Boards and the private sector, acting as "Boards of Directors" in the areas of strategic planning, policy development and oversight of the local workforce investment system, is key to the success of WIA. These local boards have responsibility for establishing policies that guide the direction and operation of the system, looking broadly at education, training, and related resources in their jurisdiction and determining how to use those resources most effectively and efficiently in responding to labor market needs.

Progress and Challenges

Many State Boards are characterized by excellent State leadership and active involvement of business leaders, partner agencies, organized labor, and other key segments of the workforce. States also are working to involve additional partners and agencies in the planning process, even though they do not actually sit on a State Workforce Board. In fact, 21 States choose to submit unified plans which included programs of partner agencies at the State level. Some States use a strong working committee structure to keep members active and involved. Board meetings are generally open to the public, and minutes are kept as a public record.

At the local level, the WIA has helped to enhance the involvement of elected officials and business members in the workforce development system. In those cases where Local Boards are new, members are coalescing and learning how to function together to fulfill the considerable WIA mandates. The relative stability of many local governance structures has allowed local administrative agencies and staffing to remain substantially intact throughout the transition process. Many Local Boards have embraced this new program as an opportunity to be more strategic in developing policy, plans and program design, and are consequently much less involved in day-to-day operational issues. One major change, which was required by the Act, has been that Local Boards with very few exceptions no longer provide direct program services as they did under JTPA. The challenge facing many of these Boards is their ability to assume the lead role in formulating and implementing service strategies to deal with a disparate population base seeking service consistent with the universal access principle.

Much of the early implementation activity in each State involved establishing the State governance system. Thirty-three States decided to create a new State Board. In these States, the focus of activity was to bring together the large number of entities with mandatory seats on the new Board. With this accomplished, the State Boards could work with the Governor to establish local workforce investment areas, develop a State plan, and assist the Local Workforce Investment Boards. In most of these States, these startup activities were completed by the end of 2000.

In general, the early implementing States used alternative entities instead of creating new State Boards. Thus, these States completed the startup process somewhat earlier than the other States. However, some States that initially chose to certify an alternative entity are now making changes in their State Board. In Florida, an early implementer, the State legislatively replaced its alternative entity with a new State Board. This new entity, Workforce, Florida, Inc., a private, non-profit agency, was created in November 2000 and approved by ETA as a State Board under WIA in January 2001.

During the recent regional reviews, most States were found to have stable State Boards that met the full requirements of the Act. In two States, Boards were not meeting the requirement that more than 50 percent of members be business representatives. However, regional reviewers indicated that all corrective actions will be completed by June 30, 2001.

Local governance systems also are substantially in place. Of the 126 Local Boards reviewed, only two did not have business majorities and only five did not have all One-Stop partners represented on the

Board. All of the 126 Boards were certified by the State and had held meetings.

Although the State and Local Boards are established and are operational, the regional reviews and surveys of the State and Local Boards themselves have indicated that ongoing technical assistance will be required for Boards to more effectively carry out their responsibilities. A survey of State and Local Board members and directors at the February 2000 Conference of the National Association of Workforce Boards indicated the need for technical assistance in the areas of:

- Understanding the new role of the Board;
- Understanding community needs;
- Creating an effective Board;
- Creating a strategic plan; and
- Ensuring quality programs.

States and local areas also have noted difficulties attracting high level employers to the Boards and retaining their participation. As a result, some areas are developing strategies to assure that Boards will focus on strategic policy issues rather than day-to-day operational details.

Communicating effectively within Boards regarding operational issues, policy options and potential performance implications remains a challenge. Board members need to have information about the broader community, as well as program operational best practices, independent of information provided by their One-Stop Operator. This will assist them in establishing local program emphasis and evaluating the quality of the information provided to them for their oversight and policy decisions. Further, recruiting and encouraging membership from effective executives in the private sector who have an understanding of the community and workforce issues has also been difficult. Communications with the field found that a number of WIB private sector members appeared to be individuals who had retired. The system should be encouraged to pursue members who are presently active in key local issues.

Next Steps

Technical assistance strategies have been implemented over the past year to assist State and Local Workforce Boards in effectively meeting their mandate. ETA regional offices are providing direct, hands-on technical assistance to State and Local Boards, and also are arranging peer to peer assistance to help Local Boards in overcoming specific challenges. For example, New Hampshire is sharing their State Board committee structure as a way to allow a large group to work effectively. Texas, among others, offers publications about State Boards. Regional conferences also are aimed at helping State and Local Boards. For example, in January 2001, the Boston Region provided training in strategic planning, labor market information, the new economy, and leadership roles to more than 170 members of State and Local Boards in the northeastern states.

Nationally, several technical assistance activities are underway to assist State and Local Boards in carrying out their responsibilities. One is The National Leadership Institute which is a national initiative with a regional focus to build the leadership capacity of State and Local Boards. A core strategy is to engage a network of partners and stakeholders in designated regions in activities designed to build the leadership capacity of State and Local Workforce Boards based on identified regional needs. This includes State and regional conferences, community audits, and building regional leadership networks. ETA has commissioned Coffey Communications to develop an executive-level guide on lessons learned and promising practices for use by State and Local Boards. The guide will focus on innovative board policies and practices to support One-Stop System partnership building. In addition, The Heldrich Center is under contract to develop "promising practices" for Internet web-posting and other dissemination techniques. Finally, ETA will schedule a meeting with National Association of Workforce Boards (NAWB) representatives during Spring 2001 to discuss how best to meet the information needs

of State and local board members consistent with the needs of the Federal WIA system to keep local decision-makers informed.

III. ONE-STOP

A. One-Stop Operations

Many States have modeled new WIA systems on the framework and network of successful One-Stop systems developed with Federal discretionary grant dollars throughout the 1990s. Prior to WIA, many States had One-Stop systems already in place that were providing, at a minimum, the services funded with ETA grants. The inclusion of additional partners in the One-Stop system under WIA, such as TANF, Vocational Rehabilitation and many others is, for most States, a natural progression. Progress in this area is accelerating as agencies continue to negotiate and agree to co-locate or otherwise provide centralized access to the wide array of human service programs envisioned in the "ideal" One-Stop. Service delivery partners also have developed informal arrangements to fill identified service gaps; these need to be formalized and enhanced. Access in rural areas is improving and needs to be further encouraged and supported in 2001.

WIA requires each local workforce area to have at least one comprehensive One-Stop center at which all partners provide service. Many States have gone well beyond this and have created multiple One-Stop centers in each local area. For example, the State of Michigan has 101 One-Stop centers in its twenty-five local areas. Other examples can be found in various States around the country. Cross-training of One-Stop staff on partners' programs and requirements has been completed or is underway in many States.

The WIA system calls for the establishment of a networked national structure, as well as partnerships with sister agencies that must be expanded even further. As these partnerships are developed and enhanced, the use of reasonable and allowable cost allocation methodologies as envisioned in the Act will further the maturation of local one-stop systems. This will be a particular challenge to the new system and a major factor in bringing the WIA workforce system concepts to full fruition.

Progress and Challenges

Local areas have made significant steps towards establishing comprehensive One-Stop centers. Currently, only three of the 126 local areas reviewed do not have at least one comprehensive One-Stop center up and running. About 25% of these areas have three or more comprehensive centers open. In 115 local areas, required partners are making appropriate core services available through the One-Stop Center as required in CFR section 662.250(a). In addition, many areas have affiliate or satellite centers where workforce development services are available to customers. However, additional progress is needed in order to fulfill the intent of the legislation.

Since the WIA legislation requires States and local areas to work together in new ways to integrate service delivery under the One-Stop umbrella, there are many challenges in managing the multitude of individual program funding arrangements and programmatic requirements, and in clarifying local roles and responsibilities. Furthermore, exploring additional partnership opportunities with both required and new mandatory partners at the One-Stop delivery level, (i.e., cost allocations, MOUs, space availability for partners) brings many challenges to the One-Stop delivery system.

Next Steps

Technical assistance and training activities have occurred in support of One-Stop activities. These

include workshops at national conferences, internet applications making available best practices, town hall meetings, and on-site technical assistance. In addition, a Federal partners interagency workgroup facilitated the development and publication in the Federal Register of unified planning guidance for States. The workgroup also hosted a satellite broadcast involving nine assistant secretaries from the Federal partner agencies. The broadcast was designed to help One-Stop operators better understand how the One-Stop system aims to help all workers thrive in the 21st century economy.

Other actions to be taken include publishing, during Spring, 2001, the final version of cost allocation guidance designed to enable local areas to determine how to fully integrate partner funding streams. This document, developed in partnership with the Departments of Education, Health and Human Services, Agriculture, and representatives of the Office of Management and Budget, provides guidance on acceptable cost allocation methodologies for One-Stop Center partners. In addition, a contract with the Heldrich Center will result in a largely internet-based compendium of promising practices covering a range of specific areas from administration to case management systems. Moreover, ETA regional offices will continue to provide technical assistance in their on-site visits. Finally, staff level discussions will continue to be held among the various partner agencies to discuss unified planning, performance accountability, cost allocation, and shared responsibility required of partners in the One-Stop system.

IV. MEMORANDA OF UNDERSTANDING (MOUs)

The Act requires the creation of Local MOUs describing how all the partners will participate in and support the One-Stop system, and how they will make their services available in the One-Stop environment. State leadership in this area is key and many States have demonstrated leadership by requiring State partners to cooperate in developing local MOUs. Nationally, most Local Workforce Boards have executed MOUs with various partner agencies, with only 108 still in process. The cornerstone of the One Stop systems are the labor exchange offices authorized by the Wagner-Peyser Act. Many States have mature One-Stop systems that have been operating for several years in most local areas. As a result, the MOUs were a logical outcome of arrangements already in place. Many excellent examples exist of MOUs that reflect a sophisticated mode of operation and a high degree of program integration.

A major MOU challenge for many local areas is determining the partners' financial contributions to operate the One-Stop Centers. Many local MOUs are missing cost allocation and resource sharing elements. This challenge has continued as a major barrier to implementing One-Stop systems since the DOL awarded One-Stop implementation grants in 1994. Since some local areas made financial commitments a condition of Board membership, some partner agencies are finding this an especially difficult challenge to overcome.

Progress and Challenges

Nationally there still remains a wide variation in both the quality of the written MOUs and in their actual implementation. In some local areas, the MOU is merely a template that provides limited information on how services will be delivered and how costs will be shared. In other instances, a few partners have yet to sign an MOU agreement, but are currently engaged in negotiations. The most reluctant partners have most often been other Federal programs and agencies, including vocational rehabilitation and education agencies. At the State and local levels, these agencies indicate they are not receiving consistent direction or support from their national offices encouraging them to actively participate in, or provide financial support to, the One-Stop centers.

Next Steps

In general, this is an area where ETA has ffocused technical assistance and in which the system has made considerable progress. Many MOU challenges are addressed in the context of the next steps described in section III A. In sum, progress has been made but much more remains to be done in this area. Consequently, helping State and local partners with formulation and negotiation of acceptable MOUs is a top priority for ETA staff. ETA has contracted with Coffey and Associates to provide technical assistance to local areas on MOU development.

V. ADULT AND DISLOCATED WORKER SERVICES

Substantial policy changes continue to be implemented in the service delivery design for adults and dislocated workers. These include universal access to information on workforce trends and listings of training programs, revised eligibility requirements for adults and dislocated workers, a tiered approach to service delivery beginning with the least expensive and most widely available services, and empowering customers to take a proactive role in choosing the training services which best meet their needs through an ITA. At the same time, a State and local interpretation of who and when an individual should be enrolled in training, sometimes referred to as "work-first, " has begun to narrow the path of many participants into training services.

Throughout the transition from JTPA to WIA, State and Local Workforce Investment Boards have been given broad flexibility to deliver services in a way that best meets the needs of local communities. This said, successfully implementing the concept of a single system that provides universal access to certain services for all individuals age 18 or older requires the development of new skill sets for front line staff. At the local level, it requires the application of professional judgments about individual participant circumstances to determine their need for more complex services funded by different and combined funding streams.

In addition, a substantial education process is essential not only for the Local Boards who must make the policy decisions, but also for workforce professionals who must understand the tiers of service concept and the emerging philosophy of customer empowerment. Finally, when the Local Boards and workforce development program planners design and implement these new approaches, they must keep in mind the performance levels that they negotiated with the State.

During the transition phase from JTPA to WIA, the Federal, State and Local partnership has attempted to maintain a strong customer focus. Many of the adult customers enrolled in the final months of JTPA were carried over to WIA without any interruption in services. This ensured a seamless transition while the workforce systems retooled or adjusted to the new WIA framework.

A. Eligibility and Registration

The point at which an individual is registered as a customer in the WIA system and eligible for more individualized customer-focused services is a key decision point for system operations. Registration is an information collection process that documents a determination of eligibility for particular services. It also is the point at which performance accountability information begins to be collected. The number of customers registered determines the denominator of all performance measures. Agreement among Federal, State and Local partners on a reasonably consistent point of registration is key to having a meaningful performance accountability system.

A brief survey of States by our Chicago Regional Office indicated that WIA registrations were occurring at only half the level of enrollment achieved in JTPA. While some of this may be due to start up issues, there are indications that the reduced registration levels are due to a reluctance in local areas to officially register people in WIA because of concerns about their ability to meet performance goals, especially the

"earnings gain" measure. It appears that local areas in these States are selective in whom they will be accountable for. Some local areas are basing their decisions to register a person on the likelihood of success, rather than on an individual's need for services. It seems that there is very little consistency, sometimes even within the same State, in the definition of "point-of-service" that is used to trigger a WIA registration. This issue will require closer review by the workforce system.

Progress and Challenges

For Dislocated Workers, definitions may vary within a State with respect to determining dislocated worker eligibility, including length of attachment to the workforce. There are indications that the State and local areas do not understand the flexibility available in defining dislocated workers in such a way as to be inclusive of workers where the worker's dislocation, rather than length of unemployment, is the primary eligibility factor. The Department has agreed to provide further guidance on eligibility determination procedures, including those relating to the two new groups eligible for dislocated worker services: displaced homemakers and employed workers who are not earning self sufficient wages.

State or Local Boards need to establish clear procedures and eligibility criteria for the tiers of service: staff-assisted core services, intensive services, and training services. These policies will affect the numbers of individuals ultimately receiving services, beyond self-directed core services and labor exchange.

It is not clear that States have provided guidance regarding when registration should occur. As indicated above, some Local Areas have delayed registration until after an initial assessment of a participant's likelihood of achieving a successful outcome. Without some direction from the State and Federal levels, the performance and outcomes may vary based on the degree of "registration risk" a local program design accepts. It may be that the reported reluctance to register an individual prior to assessing the individual's likelihood of success in the program results in lower expenditures for WIA Intensive and Training Services. This delayed registration approach also may be a result of Local Areas' program concerns about performance accountability.

Next Steps

In order to address the eligibility issue, ETA will convene a National Eligibility Workgroup during Spring, 2001. This workgroup will identify appropriate eligibility guidance for the workforce system to consider in operationalizing its eligibility determination system. With respect to displaced homemakers and employed workers, ETA will contract to develop and provide promising practices information on service provision to State and local program providers. In the case of these population groups, some program design information already exists in the Federal system (Women's Bureau and HHS for homemakers and WtW for employed workers). This material can be reviewed and adapted for developing recruitment strategies and WIA program design elements. The Office of Adult Services (OAS) will review the feasibility of establishing market penetration goals for Adults and Dislocated Workers, including consultation with stakeholders. OAS will establish a competitive demonstration program this year to identify innovative strategies for serving employed workers under Adult and Dislocated Worker funding streams.

B. Sequence of Services

Services are divided into three categories that are administered sequentially: core, intensive and training. Once participants enter the one-stop system, service delivery begins with a minimum of one core service, such as intake, initial assessment, labor market information, job listing, referral and placement. These typical core services are those traditionally provided through Wagner-Peyser labor exchange

activities. Intensive services include a variety of in-depth services, such as diagnostic testing, job or group counseling, job readiness workshops and career planning assistance. If the individual is unable to obtain appropriate employment through intensive services, the One-Stop center may consider the participant as a candidate for training. To insure that each person's needs are properly addressed, there is no Federally required minimum time period for participation in lower tiers of service before an individual may move on to intensive or training services.

Progress and Challenge

Some Local Boards have set arbitrary time requirements for each tier of service before a participant can gain access to the next tier of services. In certain cases, the need for training may be readily apparent (e.g., the individual's skill level is clearly not competitive in the local labor market). An imposed delay will seriously affect the individual's ability to receive income support (primarily unemployment compensation) during participation in training. An efficient system will move individuals into training as soon as it can be determined that they require services beyond core and intensive services in order to obtain self-sufficient employment.

Much of the system has adopted some form of a "work first" approach to the delivery of services that stresses the importance of a quick entry or re-entry into the workforce. Consequently, in many cases, training would be viewed only as a last resort. Some States and local areas perceived this as a viable approach, especially in an economy with worker shortages. This meant not reviewing an individual's skill levels and longer term employment potential in connection with existing job openings. Local Boards continue to struggle with what "work first" means for different target groups and funding streams. Frequently, the only other local program experience with such a philosophy is Welfare to Work (WtW) and, in some cases, an interpretation based on WtW has been implemented. For some, "work first" means any job, without regard to potential job retention or self sufficiency, while others may view "work first" in terms of what constitutes "suitable work" in an Unemployment Insurance context.

Another concern is an apparent misinterpretation of *short term pre-vocational services*, described in the Act as "including development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct, to prepare individuals for unsubsidized employment." Anecdotal information indicates that in many local areas, skill enhancement training such as computer skills courses that are short in length, are being provided as intensive services rather than as training.

This approach runs counter to WIA's basic expectation that training will be provided through ITAs for programs that qualify for listing on an ETP list. The creative expansion of "intensive services" results in lower enrollments in training and a performance accountability system that does not accurately reflect the new skills provided to customers to enable them to find new employment. It may lessen the perceived relative importance of skill training in the job training community.

Next Steps

Working with Adult Directors on the regional level, the Office of Adult Services will convene a workgroup this Spring. This workgroup will examine State and local policies to determine to what extent the "work first" approach and strict limitations on movement through the tiers of services has affected the ability of program staff to act quickly to meet the long-range employment and training needs of the local workforce and the skill shortage needs of employers. The workgroup also will determine whether further guidance regarding the interpretation of the tiered service approach is necessary to ensure that WIA is able to contribute substantially to the future needs of jobseekers and employer customers. In addition, the workgroup will examine the need to develop guidance that clearly delineates

which services may be considered pre-vocational, including which of any activities that enhance worker vocational skills may be considered intensive rather than training services.

C. Training

The Workforce Investment Act (WIA) requires new processes for providing training to the majority of the adult and dislocated worker customers. The establishment of ITA's under WIA is among the most significant changes required by the Act. This underscores the WIA principle of empowering individuals. In addition, WIA provides for customized training and on-the-job training. WIA also limits the use of its funds for training services to instances when there is no or insufficient grant assistance from other sources to pay for those costs. The statute specifically requires that funds not be used to pay for the costs of training when Pell Grant funds or grant funds from other sources are available to pay those costs.

An individual who seeks training services and is eligible for training under the provisions of WIA may, in consultation with a case manager, select a training program from a Statewide list of approved programs. An ITA is the mechanism by which payment for such services is made.

Empowering individuals through the ITA mechanism is achieved in several ways. First, eligible adults are given financial power to use ITAs at qualified institutions. These ITAs supplement financial aid already available through other sources, or if no other financial aid is available, they may pay for all the costs of training. Second, individuals are empowered with greater levels of information and guidance, through a system of consumer reports providing key information on the performance outcomes of training and education providers. Third, individuals are empowered through the advice, guidance, and support available through the One-Stop system, and the activities of One-Stop partners. The use of ITAs to arrange for publicly-funded training is intended to improve the effectiveness and efficiency of public reemployment services as well as improving participant satisfaction. These features have the potential to dramatically affect the quality of workforce preparation and the economic competitiveness of States and communities.

Progress and Challenges

Many Local Boards have made key decisions regarding establishing ITA policies, such as dollar limits, duration limits, payment mechanisms, and occupations in demand. Most of those that have not actually made such decisions have begun to identify the specific policy options for local decision-making. This is due in part to the active role that ETA has taken in providing technical assistance through a series of ITA/ETP/CRS Road Shows presented in collaboration with the regional offices. The technical assistance has highlighted not only the policy options but also the program design implications. Promising practices, such as interstate agreements, case manager training, and WIB education, have been identified from sites across the nation.

Our Workforce System is facing several challenges. One deals with the relationship between WIA grants and PELL grants in meeting an individual's training needs. The Statute specifically requires WIA funds not to be used for training when PELL grant or other grant sources are available to pay those costs. In addition, not contracting for training with some past training programs provided by Community Based Organizations (CBOs) has effected the delivery of training. Further, some local operators have expressed a need for guidance about when ITAs should be used in distinguishing between intensive and training services, especially in the case of remedial and occupational skill training. Finally, some areas have raised concerns over substantial amounts of funds committed to ITAs not being redeemed by clients/training providers. This system feedback raises serious questions about the administration of ITAs.

Next Steps

An extensive array of technical assistance activities is underway to address issues surrounding the use of ITAs in providing training. An ITA Demonstration Project includes 13 sites in 13 different States. These grants support implementation of several key features of the WIA, but focus especially on the provision of training services through ITAs for adults and dislocated workers. Grantees under this program serve as innovative national laboratories for ITA implementation, and participate in nationwide DOL activities to identify and disseminate effective practices and lessons learned.

Another effort involves the ITA Learning Network, which is an Internet-based source of information on implementation of the ITA/ETP/CR systems. This network is a source of information for anyone interested in learning the most up-to-date issues dealing with these systems. It is a collection and dissemination of lessons learned from demo sites and on-site technical assistance. The system automatically e-mails the entire network on current topics, times and dates of chats, and DOL policy updates.

A regional ITA Workgroup consisting of representatives from ETA's national and regional offices was established to build the regional capacity to address ITA/ETP/CR system development issues. The Workgroup identifies State and local area technical assistance needs in their respective regions and has been instrumental in bringing together key stakeholders within individual States to identify and address the most challenging ITA/ETP/CR system implementation issues.

ETA also has instituted a series of Road Show presentations to enhance State and local staff understanding of ITA/ETP/CR Systems. They provide an opportunity to discuss implementation issues and to network and share information among regional and national offices. Six out of seven scheduled Road Shows have been conducted. At these events, ETA gathers intelligence directly from States and locals about WIA implementation, best practices, lessons learned and problems and concerns that inhibit successful use of ITAs/ETPs and CR Systems.

A technical assistance workbook dealing with ITA/ETP/CR systems is nearing completion. It includes feedback from Roadshow attendees. The workbook will provide States and local areas with a valuable source of information about specific implementation issues as well as a range of options for ITA/ETP/CR systems from which they may choose. It will include some early examples of how selected States have dealt with issues that have emerged during the initial phases of implementation. After the last Road Show, the workbook will be re-edited and sent through ETA for final approval. It will be widely disseminated using our ITA-ETP network web page.

Other actions that will be taken by ETA include meeting with the Department of Education representatives to develop guidance with regard to the use of PELL Grants and the role such grants play in funding training opportunities for WIA participants. These discussions will begin immediately. The Office of Adult Services will design and implement an approach for identifying specific barriers States are experiencing in implementing ITAs. Based on information obtained, OAS will determine what assistance will be needed to overcome these barriers.

D. Eligible Training Provider Lists (ETP) and Consumer Report System (CRS)

As indicated above, one feature unique to WIA is support for consumer choice when selecting a training program using a system of ITAs. Clients accomplish this by selecting training from a list of eligible training providers. Across the country, most States have designated the State agency which will handle this responsibility. These agencies establish the initial eligible training provider lists, and ensure the information is available to customers through the Internet or in hard copy at local One-Stop centers. In

some States, the ETP list does not yet include information on program performance, as required by WIA, but will do so by July 2001. States further along in the implementation process, such as Massachusetts and Texas, report that they currently have thousands of providers on their ETP lists. Under the ITA/ETP system, States are to set up a process for "initial eligibility" of training providers as well as a follow-up system for "subsequent eligibility" of these providers.

A key component of the subsequent eligibility system is the CRS.. This system is intended to provide information to participants regarding cost and performance information about training providers. In this way, participants can make the most informed selection among available eligible training providers. The success of this system is predicated upon the availability of performance data from all eligible training providers.

Progress and Challenges

The "initial eligibility" process has generally worked smoothly and effectively. This is due, in large part, to the minimal amount of cost and performance information required from providers to ensure their eligibility status the first year. However, some States are expressing concern about training provider participation levels when the period of initial eligibility expires later this year. Many training institutions and agencies have complained about and resisted developing the program performance and cost information required under the Act to establish "subsequent eligibility." In a few States the problem is so acute that some local areas have identified very few training providers within their communities. Furthermore, a few States are considering applying for waivers of this legal requirement, an option allowed under the Act. For example, Vermont, which is an early implementer State, is having significant difficulties in meeting the requirements of the Eligible Providers List. As it transitions into the subsequent eligibility phase, the State is contending with more restrictive performance information requirements. Providers who do not provide performance information must be removed from the EPL. The State's EPL currently contains only 39 providers. As the eligibility review process is completed, this number is expected to drop. To date, only 8 providers have made the necessary performance information available. Another example is Idaho, where imposing reporting requirements on the entire educational system in the State is a "hard sell". The State expects the list of training providers to be minimal once the performance requirements are imposed. It is anticipated that once States move toward certifying subsequent eligibility of ETPs, the number of training providers from which clients will be able to choose will be significantly smaller this year. If this occurs, customer choice may be adversely affected.

Training institutions that are reluctant to submit performance and cost information usually cite two factors as reasons for not applying for subsequent eligibility: 1) the time and cost involved in gathering performance and cost information and 2) confidentiality concerns. They especially note this burden for those individuals not receiving assistance under WIA as informed choice requires information on all enrollees. Significant is the difficulty resulting from the Family Education Rights and Privacy Act (FERPA), which limits the sharing of information about students' social security numbers and successful completion of training courses. Many educational institutions have questioned their ability to share this information within the WIA system. They indicate their expectation that the training provided under WIA will decline to the point that gathering and reporting the required information will not be worthwhile for them.

Although the CRS is required, in many States the CRS has not been fully implemented. Key information regarding costs and quality program descriptions is often not available. Providers have been reluctant to provide information about costs as well as a more detailed description of the training that they offer.

For the most part, States have begun to identify key decision points in regard to setting ETP policy, such as defining "program of study", data definitions, performance standards for subsequent eligibility, and

use of wage records and data sources for performance measures.

Next Steps

The previously mentioned ETA sponsored Road Shows have begun to address concerns raised about the effective use of ETPs and the CRS. Considerable effort continues to be needed as the workforce system implements these two important systems. ETA has identified and begun to disseminate promising practices in ETP policy from sites across the nation. Furthermore, DOL and Department of Education have jointly issued guidance to the workforce system clarifying confidentiality requirements contained in FERPA. This is expected to facilitate the exchange of necessary performance information between the community college system and WIA needed to build and maintain the ETP list. DOL will continue discussions with DOE to implement this WIA requirement. ETA will also discuss with its partners how to assist States in reducing the burden on training institutions to collect performance and cost information needed for determining subsequent eligibility. ETA, working with its partners, also will develop a marketing plan that can be adopted by States. Marketing information will highlight the value of the ETP list to employers, jobseekers, and workers who are seeking to advance their careers, and high school guidance counselors, parents, and other training providers. Finally, ETA will continue to provide technical assistance to States to encourage broader use of a CRS. States may be more willing and more able to create such a consumer report system if the ETP list applies to all required One Stop partners.

E. Rapid Response

Since Rapid Response activities were an established responsibility under JTPA, the transfer of this responsibility to WIA was easily accomplished. For the most part, States maintained a State-level rapid response capability. A few States decentralized this responsibility either to a regional level or to a Local level, with minimal oversight remaining at the State level. However, the most important aspects of rapid response - - timely on-site contact with employers immediately after learning of a closure or mass layoff (e.g. through receipt of a WARN notice or public announcement) and coordination with Local Chief Elected Officials and community resources including the One-Stop centers - - continue to operate smoothly. Provision of information on employment and training activities, access to UI claims processing information, and emergency assistance are critical to almost every rapid response event.

Progress and Challenges

Studies show the value of providing early intervention services to workers prior to their dislocation. Frequently these services are all that are needed for workers with marketable skills to find new employment. For employed workers who simply need job search assistance, receiving immediate services increases their likely success in finding new employment. For those requiring training to remain in the labor force, assessment and training plans can be developed prior to dislocation, giving the worker more time for training with income support from UI. Most States noted a marked increase in WARN notices and layoff information in the 2nd quarter of PY 2000 and anticipated more activity, possibly using Rapid Response additional assistance funds in the later quarters.

Next Steps

ETA will continue to review the services provided to dislocated workers identified through Rapid Response activities. This review will seek to determine the extent to which early intervention services beyond basic employment and training information is being provided.

VI. WIA YOUTH SERVICES

WIA substantially reforms and places new emphasis on serving youth within comprehensive State and local workforce investment systems. The overall intent of WIA is to move away from stand-alone, short-term programs toward a focus on longer-term youth development principles and strategies. Under WIA, youth programs are linked more closely to local labor market needs and the community as a whole, and will provide a stronger connection between academic and occupational learning. WIA encourages local decision-making concerning policy, youth program design, and determining appropriate program offerings for each youth. A Youth Council, newly established under WIA, has the responsibility to guide youth policy in the local area and to coordinate youth services. While these reforms under WIA provide tremendous opportunities to considerably enhance and improve youth services, local areas face some short-term challenges in actually implementing these changes.

A. Youth Councils

WIA requires that Local WIBs establish Youth Councils as subgroups to coordinate and oversee WIA youth services in local areas. While the Youth Council's main role under WIA is to develop the youth portion of the strategic 5-year plan and to coordinate funding for youth services, ETA is encouraging Youth Councils to play a lead role in guiding youth policy and bringing together the partner services and programs to build a comprehensive youth development system in local communities. Broad, diverse Council membership should reflect labor market and community interests and the needs of youth through participation of parents and former enrollees.

Progress and Challenges

One of the major challenges during the first year of WIA implementation was the delay in forming Youth Councils. In most local areas, Youth Councils were not established until several months after the Local WIBs were in place. In States that had delays in designating local workforce investment areas and forming WIBs, this pushed back the formation of Youth Councils even further. Some areas, like New York City, had a long vetting process for members which resulted in the Youth Council only recently being formed. This means that few, if any, Youth Councils were established at the time Youth funds became available on April 1, 2000 under WIA, or when local areas were developing the youth portion of the WIA plan.

Once Youth Councils were formed, many were too new and lacked the capacity to be extensively involved in coordinating area wide youth activities, designing and issuing RFPs for the ten youth program elements, identifying effective service providers, or overseeing operational programs. In some States, Youth Councils were slow in forming and are just beginning to meet. In addition, activities that Youth Councils are engaging in, such as determining existing/available community resources, have yielded good information but are taking longer than expected to begin.

Next Steps

Several actions are underway to assist Youth Councils in carrying out their roles and responsibilities in WIA. A Youth Council guide titled " Recipes for Success: Youth Council Guide to Creating A Youth Development System Under WIA" and an accompanying training package containing five modules for use with Youth Councils, WIBs, and staff was completed in May of 2000. The guide and training package were widely disseminated and extensive training has been provided using this guide. Moreover, most regional offices provided Youth Council training using the materials developed by the ETA for their regions and for individual States. In addition, regional offices conducted regional Youth Conferences and participated in State Conferences that included sessions addressing Youth Councils. Regional offices are also providing additional training and technical assistance to States and Local areas, including on-site guidance to individual State and Local Youth Council members and staff.

States also are engaged in training and technical assistance for Youth Councils. For example, the State of Illinois has formed a State Youth Council and each member has adopted a Local Youth Council to mentor and provide ongoing guidance and assistance. Another example of training efforts is Kentucky's plan to host roundtable discussions for both front-line staff and youth council chairs.

National and Regional Office Youth Services staff met on March 20 and 21 to develop additional strategies to assist Youth Councils and to coordinate technical assistance and training efforts for PY 2001. A determination also will be made on whether more technical assistance products are needed.

The Leonard Resource Group (LRG) has been awarded a contract to pilot test an approach to building the capacity of Youth Councils through targeted technical assistance. ETA plans to disseminate the LRG product, a Guide to Federal Resources, throughout the system.

ETA also will convene of regional forums for Youth Council members. ETA will compile and broadly distribute examples of best practices and examples of effective Youth Councils and post this information on ETA's website.

Competitive planning grants will be awarded to 10 - 12 Local WIBs and Youth Councils to develop a strategic plan and conduct activities that support youth serving entities connections and linkages to One-Stop systems. To build the capacity of youth to participate effectively on Youth Councils, local areas will hold their own youth summits. In addition, ETA plans to utilize teleconferencing to provide technical assistance for Youth Council Leadership.

B. Developing A Comprehensive System of Youth Services

One of the most significant reforms under WIA is the consolidation of the JTPA year round program (Title II-C) and the summer program (Title II-B) into a single formula-based funding stream. Under WIA, summer youth employment opportunities represent one of ten required program elements in a local workforce investment area's year round youth services strategy.

The ten program elements reflect successful youth development approaches and focus on the following four key themes:

- Improving educational achievement, (including elements such as tutoring, study skills training, instruction leading to secondary school completion, drop out prevention strategies, and alternative secondary school offerings);

- Preparing for and succeeding in employment (including summer employment opportunities, paid and unpaid work experience, and occupational skills training);

- Supporting youth (including supportive services, adult mentoring, follow up services, and comprehensive guidance and counseling); and

- Offering services intended to develop the potential of young people as citizens and leaders (including leadership development opportunities).

All ten program elements must be made available to all youth participants in the local workforce investment area. Local youth service providers have the discretion to determine which of the ten program service elements will be provided to each participant based on the participant's objective assessment and individual service strategy. All youth participants are to receive one year of follow-up

services; this new requirement for local programs entails identifying who will provide follow-up and how these services will be implemented.

Progress and Challenges

Many local areas did not fully implement the comprehensive range of services and were cautious in their initial enrollment of youth due to changes in eligibility and program requirements, and concerns over allocating funds across the ten program elements. In addition, most local areas started their summer employment activities late (after July 1, 2000) and had greatly reduced summer activities in both length of service and the amount of services available. In many cases, the reduction in youth summer activities was part of the strategy to move to a year-round focus for youth. States such as Texas made a concerted effort to serve youth who were/would be in the program year-round, rather than serving a large number of in-school 14-15 year olds as in the past. Beyond this, the number of providers offering to deliver various program elements (services) in some areas was limited.

Some local areas reported that it was more difficult to recruit youth service providers under WIA than under JTPA, especially for out of school youth. Some opted out of competing because they felt they could not, or did not want to, provide ten specific program elements required under WIA (in cases where these elements were contained in a single RFP). Further, service providers expressed problems with the requirement to conduct long-term (one year) follow-up services for youth. Service providers believe they will be unable to conduct follow-up or complete the follow-up due to the cost. Lastly, there is confusion among States about the requirement and criteria for establishing a youth service provider list. This means most States have not yet disseminated a list of eligible providers of youth activities or provided technical assistance to local areas that have high concentrations of eligible youth to carry out the required youth activities.

Next Steps

ETA has prepared and issued a number of technical assistance documents to the workforce system. This included posting appropriate Q&As for Youth provisions on its website, issuing program guidance on implementation of Youth Services during the first summer under WIA, and transmitting guidance to State and Local workforce areas on competitive procurement procedures. In addition, a technical assistance guide on "Integrating Year Round and Summer Employment Services for Youth Under the Workforce Investment Act" was issued to the workforce system.

Regional offices have organized several regional youth conferences and participated in State sponsored youth conferences that addressed developing comprehensive youth service delivery systems. Some States are now meeting with partners, particularly schools, technical institutions and contractors to make more resources available for youth. The State of Colorado is sending out a directive to encourage local workforce areas to customize training for participants and to move participants into training more quickly. The State of California has created a corps of regional advisors who work with, and provide consultation and technical assistance to, local areas throughout the State to foster California's WIA program effectiveness.

Other steps will be taken by ETA to enhance youth services. A program emphasis statement is under development and that will be issued in Spring 2001. In addition, the Office of Apprenticeship Training and Employer Labor Services (ATELS), working with the Youth Office, established a new occupation called Youth Development Practitioner in the Fall of 2000. This is intended to improve the quality of services delivered to youth by front-line youth workers. Funds have been targeted by ETA to assist in making this new apprenticeship occupation fully operational. Finally, ETA will develop and issue guidance on follow-up services to staff serving participating youth; topics addressed will include the

types of services to be provided and associated costs. The guidance will focus on how to make follow-up services more effective.

C. Competitive Procurement Process

WIA requires the identification of eligible youth service providers by awarding grants and contracts on a competitive basis. The intent of WIA is to provide flexibility in the development and design of comprehensive youth services, and to create a market-based system which drives the quality of youth services. The competitive selection process under WIA provides Local WIBs, with recommendations from the Youth Councils, an opportunity to select youth service providers who can best meet local youth needs. This competitive Request for Proposal (RFP) process can help WIBs and Youth Councils build a foundation for a comprehensive system to deliver youth services. RFPs also must take into consideration program changes under WIA such as an out-of school youth spending requirement, the requirement to provide the ten program elements (including 12 months of follow-up services after program services end), and separate performance measures for younger youth (14-18 years old) and older youth (19-21 years old).

Progress and Challenges

As a result of WIA's requirement to competitively procure youth services, some local areas have been slower to implement their youth programs and have only recently funded their service providers. Most program activities were delayed until after the summer program was completed. Local areas also struggled with developing an RFP process that incorporated the new requirements under WIA. California reported that local areas delayed the implementation of sub-contracts due to the need for new RFPs and slow governmental contracting processes which address the chief elected official's program liability. Moreover, delays in forming WIBs and Youth Councils also slowed the RFP process. Some local areas have just recently completed their proposed evaluation and negotiation process to finalize contracts. Finally, some local areas had to re-issue their RFP because the proposals they received were not responsive or of sufficient quality. For example, many local areas in Arkansas announced procurement for youth services more than one time before receiving responses.

Next Steps

Policy guidance and technical assistance material on competitive procurement procedures were developed and issued to State and local workforce areas. Regional offices have provided on-site technical assistance to States and local areas on these issues. For example, the Dallas/Denver region provided extensive technical assistance to Colorado and local program staff from Denver on the competitive procurement of program operators (identified as a problem during the WIA readiness review). State and local staff are working to correct the problems identified. Regional offices are developing public/private partnerships with private foundations to support technical assistance needs. For example, staff have developed a public/private partnership between several New York City private foundations to set up technical assistance funds to train youth program contractors.

Since readiness reviews were conducted prior to our issuing policy guidance and technical assistance material on competitive procurement, regional staff will follow-up with States and their local areas to insure that these products were received by appropriate staff and youth council members. Regions also will determine specific questions and issues that States and local areas have about the competitive procurement process. Additional guidance will be provided on program design and selection of providers.

D. Eligibility

To be eligible for youth services under WIA, young people must be between the ages of 14 and 21. In addition, a young person must have one or more specific barriers to employment. The youth must be one or more of the following: deficient in basic skills, a school dropout, homeless, a runaway, a foster child, pregnant or parenting, an offender, or in need of additional assistance to complete their education or secure employment. Local areas must spend at least 30 percent of local formula funds to help eligible out-of-school youth.

Progress and Challenges

Many States and local areas reported that the new eligibility requirements made it harder to enroll youth. As the Philadelphia Regional Office reported "Under JTPA, 95 percent of youth could meet the low income requirement without meeting one of the six barriers to employment. Under WIA, 95 percent of the youth must face significant barriers to employment." California pointed to WIA's "barrier eligibility requirement" as making it more difficult to enroll youth.

Since WIA requires that 30 percent of youth funding be expended on out-of-school youth, providers are concerned that they cannot recruit the required youth mix in order to meet the 30 percent requirement. This has caused local areas to become reluctant about enrolling other students.

Next Steps

ETA continues to provide technical assistance to address Q's and A's from the regional office and States. Regional offices have also provided training to clarify and build understanding of the requirements. The Office of Youth Services (OYS) will participate with the Office of Adult Services (OAS) on the National Eligibility Workgroup to fully discuss eligibility issues and develop guidance on policy options to State and Local programs. The Youth Office also will work with OAS to issue guidance encouraging dual enrollment and explaining the benefits to participants in maximizing the resources available to ensure program success.

VII. WIA EXPENDITURE STATUS

Preliminary expenditure levels from the Enterprise Information Management System (EIMS) when compared to allotments indicate that WIA expenditures through December 31, 2000, are below expected levels in all areas. There are six separate funding components to the WIA appropriation. These include a State 15% set aside that the Governor uses for Statewide activities, Rapid Response funding used to assist people facing layoff from plant closing and workforce reductions, local administrative funding, local Adult and local Youth funding for core, intensive and training services, and local Dislocated Worker funds for addressing the needs of this population. The table below summarizes the status of expenditures for each of these funding streams.

Funding Stream	PY 2000 Allotments ($ in millions)	Unexpended Funds ($ in millions)	Ratio of Unexpended Funds to PY 2000 Allotments
State 15% setaside	$ 481.1	$ 485.7	1.009
Rapid Response	317.8	244.2	.768
Local Admin	240.8	205.0	.851
Local Adult	726.8	631.3	.869
Local Youth	754.3	598.1	.793
Local Dis. Wkrs	686.5	607.2	.885
TOTAL	$ 3,207.2	$ 2,771.4	.864

Generally, at this point in the year one would anticipate that unexpended funds would be no more than 70% of the current year's allotment. This would provide sufficient funds for the remaining 6 months of the program year, including a 20% unspent carry-in to the next program year. As the table indicates, the ratio of unexpended funds to PY 2000 allotments is above 70% in all cases, ranging from .768 for Rapid Response services to 1.009 for Statewide setaside activities.

An examination of the reasons for low spending by the ETA regional offices indicated that the low rates were attributable to the time needed to develop and implement new systems and policies required under WIA. The focus during the early stages of implementation was primarily on system changes and secondarily on customer services. The time and effort required to implement certain WIA requirements, such as Eligible Training Provider lists, Youth Councils, Memoranda of Understanding, cost allocation, One-Stop service delivery, and Individual Training Account systems were underestimated by the partners and stakeholders at all levels of the workforce system. States and Locals may have been cautious in designing programs due to the ETA position of providing limited guidance in an effort to maximize State and local choice. Additional factors that are reported to have contributed to low expenditures and low enrollments include the strong economy, the availability of non-DOL funds (e.g. TANF) and the application of a work-first approach at the local level. Another reason for the low expenditure rate is the availability of a sizeable amount of JTPA carryover funds from PY 1998 and 1999.

There were additional factors affecting Youth expenditures. Youth funds became available April 1, 2000 which gave local areas an early start in organizing Youth services, particularly Summer Youth services. As a result one would have anticipated Youth spending to be above rather than below expectations. Results of this examination showed that through the first six months of PY 2000 only 33.7% of allotted funds were expended nationally for Youth services. These spending levels are well below expectations, particularly considering that most States had access to Youth funds beginning April 1. Also, many local areas were uncertain as to the costs of more comprehensive services and follow-up services and were conservative in their planning. A number of States opted to use TANF or State funds to support summer employment opportunities for youth, which also contributed to the low WIA expenditures. Uncertainty on how to implement the new competitive selection procedures for youth service providers was also cited as a major reason for the low expenditures. States anticipate that expenditures will increase now that Youth Councils, subcontractors and other key aspects of youth service delivery are in place.

Overall, in spite of the remaining system changes to be completed, the current expenditure pattern may change as the focus shifts from developing the infrastructure to serving the customer. Discussions with State officials indicate an expectation that spending rates will increase as the WIA system matures.

Next Steps

Since the low expenditure rates impact on ETA'a ability to provide quality services to our customer base, ETA's product line offices, in conjunction with the Office of Budget will perform monthly reviews of expenditure patterns to understand trends, identify geographic areas and causes, and develop strategies to address these shortcomings. These reviews will be conducted in collaboration with ETA regional offices (who will have primary responsibility for overseeing the implementation of strategies to increase spending rates). Regional office staff will meet monthly with State and local officials to discuss WIA service provision trends. Each local area that is underperforming will be expected to develop strategies to overcome barriers to improved performance and effective service delivery and, in so doing, raise expenditure rates. Regional offices will also work with States and Local WIA officials and Boards to assure awareness of the opportunity to increase spending and enhance service provision to WIA customers. Further, ETA will provide clarification and policy guidance around Youth issues that continue to impact the low expenditures such as the competitive selection process, summer employment opportunities, and follow up services.

Finally, ETA will be responsible for the timely implementation of all recommendations contained in this paper. All have a bearing on the level of spending and quality of service available.

VIII. ACCOUNTABILITY - COMBINED PERFORMANCE MEASUREMENTS AND MIS ISSUES

Another key reform principle embodied in WIA is "Increased Accountability". Under WIA States must demonstrate their ability to meet pre-negotiated measurements of performance, or be faced with the potential of financial consequences. There are statutory measurements for Adults, Youth, and Dislocated Worker services as well as two measures for Customer Satisfaction -- for job seekers and for employers. While these measurements are separated by funding streams, they are all negotiated by ETA at the State level for the measurement of overall WIA performance. There are a total of seventeen core indicators of performance for WIA formula service providers. These indicators are the essence of increased accountability under WIA Title I and, will be used to determine whether a State's performance qualifies for financial incentives or sanctions. Policies relative to the core measurements, incentives and sanctions, and the customer satisfaction process are fully outlined in TEGL 7-99 and 8-99.

As of July 1, 2000, all States had negotiated levels of performance for the WIA Title I measures for a period of three program years. In addition, all States negotiated performance outcomes under Title II of WIA (Adult Education) with the Department of Education. To qualify for incentive awards under WIA, States are to meet or exceed outcomes for both, thus they jointly will manage the incentive award process for exceeding outcomes.

The emphasis on negotiated core measurements and reporting will provide ETA with documentation on the outcomes resulting from workforce system investments. There will be a data base of aggregate information on how many people benefited from receiving WIA services, including the number completing training, placed in employment, retained in employment, and were customers satisfied with WIA services.

Other areas of increased accountability, not covered in this section, relate to the performance of training providers and the provision of that information to WIA customers in the form of a Consumer Report. Performance criteria also are used in the competitive selection of Youth service providers.

The negotiation process and the establishment of measures for the new WIA system was a major challenge at the beginning of the first year of implementation. Experience with the six early implementing WIA States, however, was invaluable in facilitating the Program Year 2000 negotiations and providing ETA with a base of information from which to address the incentive and sanction

procedures, and customer satisfaction measurement results.

A. Finalized Performance and Reporting Package

Progress and Challenges

The greatest challenge of the entire performance and reporting system, noted in the State readiness reports, has been the delay of final policies on performance reporting by ETA. The practical result of the delay in issuing this final guidance is the absence of any formal aggregate data reported by States to ETA on participation levels or participant outcomes. Throughout the development of the performance and reporting package, every effort was made to engage in partnership with the input of State, Federal, and local stakeholders. This occurred through a series of public activities such as town hall meetings and partnership forums. The reporting package received full approval by the Office of Management and Budget in late February, 2001.

Formal guidance was issued by ETA on March 5, and as a result, the system is now in place.

Next Steps

Special meetings were convened by ETA with the early implementing States throughout PY 1999 and PY 2000 on topics related to data systems, performance outcomes, and the process for receiving incentive awards. This process developed into a Federal/State/Local partnership that has contributed to the policies included in the formal issuance on reporting. ETA plans to conduct, during Spring of 2001, formal technical training on performance reporting.

B. Automated Reporting

Progress and Challenge

The development of automated reporting systems for use by the States in reporting both financial and performance outcomes generally has been well received by the regions and the States. The automated system for data entry was available as of March 1, 2001.

Next Steps

A training plan has been developed that will address procedures for data input, correction, and certification. Regional office staff will receive this training during the Spring/Summer 2001. Regional staff will, in turn, train the designated State staff. Training sessions on the system also will be held for designated national office staff.

C. Point of Registration and Maintaining State and Local Flexibility

Progress and Challenges

Under section 136 of the Act, individuals receiving self-service and informational activities are not included in the WIA performance measures. Consistent with the principle of increased State and local flexibility, State decisions about performance and additional reporting were left to the discretion of State and Local Boards. One such decision is the point at which to register participants.

It is at the point of registration that performance measurement criteria begins to apply to a given enrollment. Current performance policies and the final regulations give the States and local areas some

flexibility in determining when the point of registration occurs within the sequence of services. As a result, there is no single uniform point in service-time throughout the national system when participants are registered. For example, some areas register individuals during core services, while others do not register individuals until they receive intensive services. Several States consider this to be confusing, and inconsistent. It could also contribute to the apparent under-spending in the first year of WIA, compared to an annual period of JTPA activity.

Next Steps

The readiness reports revealed that subject specific training has been provided by the regions and the national office on a variety of topics related to performance, reporting, and customer satisfaction. In addition, every effort was made to take advantage of national conference gatherings to provide technical assistance. For example, sessions on accountability were held at the Journey to Excellence conferences, Jett*Conn, the Heartland conference, and at meetings held by NGA, NaCo the US Conference of Mayors, and the National Association of Workforce Security Agencies. The issue of registration has surfaced throughout all the training that has been provided by ETA. ETA has clarified that leaving this decision up to State and Local Boards was intentional, in keeping with the flexibility principle. However, a comprehensive technical assistance guide on the general issue of eligibility will be developed.

D. Reconfigured State MIS Systems

The One Stop Operating System (OSOS) is a concept that would give State and local areas maximum flexibility, while providing a framework for common elements needed in the WIA system. Participation is optional, and States are free to choose to participate or develop their own system.

Progress and Challenges

The complexity of the outcome measurements and the necessary adjustments in MIS systems at the State and Local levels has been a big challenge for the States. In some cases it remains a work in progress. The final guidance outlining the reporting specifications for the new systems has just been provided. A major issue is that there are many required partnerships under WIA, and the coordination with these partners' systems has often complicated the State WIA system. While States report that they have complied with required WIA changes, and have either altered or re-designed their MIS systems to enable them to meet all reporting requirements, they also report that it has been costly to make these MIS adjustments and train appropriate staff. Further, it will take some time to test the new systems, both new or adapted, and ensure that data are accurate.

With the issuance of the final reporting guidance, States can proceed with any system changes needed, but not yet in place. Progress related to the development and roll-out of the One-Stop Operating System project has been challenging and has limited the number of States benefiting from these efforts at this time.

Next Steps

Regarding an integrated MIS system for WIA, rapid further development of OSOS and other systems would benefit the States and Local areas, since a more integrated operational management tool is needed by many States to track activity and report on multiple layers of performance (ideally across federal agency programs). ETA will work to ensure that any further investment in OSOS will be designed to interface with all major WIA funding systems in use at the One Stop level - - most importantly those of HHS and the Department of Education. Further, promising practice models of State developed systems,

such as America's Job Link (lead States - Ohio and Kansas) and the Mid-Atlantic Career Consortium (Pennsylvania, Maryland, Virginia) will be gathered by ETA and formally shared with the broader system.

E. Lack of Systemwide Performance Measurement

Progress and Challenges

There was a deliberate effort to streamline the data requirements under the WIA. The WIA performance system is designed around the specific core indicators of performance outlined in the law. States are asked to retain and report minimal participant information in order to comply with WIA requirements. Many States and local areas have noted that the performance indicators outlined in the statute do not effectively capture outcomes for the One-Stop system as a whole. Some States have begun to develop their own systemwide measures.

Next Steps

The National Governors' Association, in cooperation with the U.S. Departments of Education and Labor, is exploring with States the development of a new generation of performance management systems based on continuous improvement. This project will focus on the need to coordinate and align the development and implementation of these new systems with related performance excellence initiatives based on the Malcolm Baldrige National Quality Program. The project will explore opportunities and challenges in aligning and integrating performance measurement and benchmarking in Federal and State performance management systems with Baldrige-based initiatives, through the development of a comprehensive balanced scorecard framework. ETA will continue to support this NGA project, and begin a dialogue with States to discuss possible system-wide measures, building on the work already being done by some States. This dialogue will be central to the examination of systemwide measures by the WIA Federal partners workgroup.

VIII. CONCLUSION

The Workforce Investment Act (WIA) was enacted in 1998 to create a revitalized customer focused workforce development system. Several States phased into the new system in July 1999, and all other States followed with implementation in mid 2000. Considerable effort has been expended at the Federal, State and Local levels to affect this transition. Active cooperation from partner agencies was also key. Much of the implementation work was done by ETA's regional offices in their frontline capacity. ETA (nationally and in the regions) has provided considerable training to State and Local Workforce Boards and workforce agency staff. Extensive technical assistance was also provided in specific areas such as creation of MOUs with partner agencies. This paper has summarized the results of these activities, as noted in recent onsite visits and reports tracking WIA program implementation.

Generally, States and locals have made great strides in implementing WIA. Successes have been recorded and additional challenges remain. Our onsite reviews have confirmed that while some areas have met only basic requirements to date, many others have gone beyond that and are striving for full implementation of both the intent and written word of WIA. All States are, or will be, fully operational by June 30, 2001. ETA's technical assistance continues to ensure that the new law's requirements are fully implemented.

Throughout this paper we have identified various "next steps" that are needed to help bring the system closer to full fruition of the vision outlined in the legislation. Actions are already underway to accomplish these steps. The pace of this development will accelerate in coming months as we approach

the second full year of WIA implementation. WIA is scheduled to sunset in 2003 and it is important that the entire system demonstrates that WIA's requirements have been fully implemented, that new partnerships have been forged, and that the goals of WIA are being realized. While more remains to be done, given the solid progress that has been made, there is every expectation that complete success will be achieved.

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